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February 8, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: Applications for Consent to the Transfer of Control of
Ameritech Corporation to SBC Communications, Inc.
CC Docket No. 98-141

Dear Ms. Salas:

Pursuant to Section 1.1206 of the Commission's rules, the Alarm Industry Communications Association ("AICC"), by its undersigned counsel, hereby gives notice that on February 4, 1999, Robert Bonifas, President, Alarm Detection Systems, Inc., Danny Adams, Partner, Kelley Drye and Warren, LLP and the undersigned met with Radhika Karmarkar and Audrey Wright, Policy Division, Common Carrier Bureau, to discuss the above-captioned proceeding. The attached materials summarize the presentation.

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Ms. Magalie R. Salas
February 8, 1999
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In accordance with Section 1.1206(b), an original and one copy of this notice is being provided.

Sincerely,


Steven A. Augustino

SAA:pab

Enclosures

cc: FCC staff members listed above

EX PARTE PRESENTATION
OF THE
ALARM INDUSTRY
COMMUNICATIONS
COMMITTEE

CC Docket No. 98-141

February 4, 1999

OVERVIEW

1. Application of Section 275(a)(1)
2. Motion Regarding Smith Alarm

Section 275(a)(1)

- “No Bell Operating Company or affiliate thereof shall engage in the provision of alarm monitoring services before [February 8, 2001].”
- Section 275 enacts “a broad prohibition on all BOC provision[ing] of alarm monitoring services [except for grandfathered BOCs]” SR&O at paragraph 9.
- Congress’ intent was “to impose a five-year restriction on BOC entry into the alarm monitoring services market.” SR&O at paragraph 31.

As a result of Section 275(a)(1), SBC

- Cannot Buy SecurityLink, or obtain more than a 10% equity interest in it;
- Cannot Resell SecurityLink's alarm monitoring services;
- Cannot "Intertwine its Interests" with SecurityLink's;
- Cannot obtain a "Financial Stake in the Commercial Success" of SecurityLink.

Why, therefore, would Congress have intended to allow SBC to achieve the same result by purchasing Ameritech?

Expansion of Section 275(a)(2) to Include SBC Would have Significant Unintended Consequences

- It essentially would nullify Section 275(a)(1) for 3 of the original 7 BOCs.
- It expands to 12 states where the second largest alarm monitoring provider is affiliated with the dominant ILEC.
- It gives SBC a substantial alarm monitoring presence in nearly every major in-region city, including St. Louis, Dallas, Houston, San Antonio, Tulsa, San Francisco, Los Angeles, San Diego, Oklahoma City, and Kansas City.

Remedy

As a condition to approval of the SBC-Ameritech merger, SBC should be required to divest ownership of SecurityLink to truly independent hands.

SMITH ALARM

- Previously unaffiliated alarm monitoring service provider.
- 15th largest alarm provider, with 50,000 customers and \$32 million in annual revenues.
- Dallas, Texas based provider, with offices in Fort Worth, Houston, Austin and El Paso, Texas.

AMERITECH'S RELATIONSHIP WITH SMITH ALARM

- Paid an estimated \$6 million for a 30 day option to purchase Smith (exercisable in March 2001).
- “They have offered to lend me money if I need it to pursue acquisitions . . . And I want to do it” -- Charles May, President Smith Alarm.
- Agreement to sell SecurityLink assets to Smith (?)

THESE FACTS RAISE SUBSTANTIAL QUESTIONS CONCERNING:

- The effectiveness of divestiture as a merger condition.
- Current violations of Section 275(a)(2).

Therefore, the Commission should require SBC and Ameritech to provide all relevant information concerning their relationship with Smith.